

PATENT COOPERATION TREATY

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INTERNATIONAL PRELIMINARY REPORT ON PATENTABILITY (Chapter II of the Patent Cooperation Treaty)

(PCT Article 36 and Rule 70)

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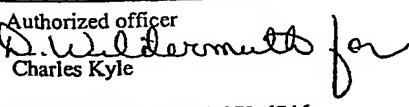
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Applicant's or agent's file reference 10447-02	FOR FURTHER ACTION	See Form PCT/IPEA/416
International application No. PCT/US04/19272	International filing date (day/month/year) 17 June 2004 (17.06.2004)	Priority date (day/month/year) 18 June 2003 (18.06.2003)
International Patent Classification (IPC) or national classification and IPC IPC(7): G06F 17/60 and US Cl.: 705/39		
Applicant EVELYN NICHOLS		

1. This report is the international preliminary examination report, established by this International Preliminary Examining Authority under Article 35 and transmitted to the applicant according to Article 36.
2. This REPORT consists of a total of 3 sheets, including this cover sheet.
3. This report is also accompanied by ANNEXES, comprising:
 - a. ☐ (sent to the applicant and to the International Bureau) a total of ___ sheets, as follows:
 - ☐ sheets of the description, claims and/or drawings which have been amended and are the basis of this report and/or sheets containing rectifications authorized by this Authority (see Rule 70.16 and Section 607 of the Administrative Instructions).
 - ☐ sheets which supersede earlier sheets, but which this Authority considers contain an amendment that goes beyond the disclosure in the international application as filed, as indicated in item 4 of Box No. I and the Supplemental Box.
 - b. ☐ (sent to the International Bureau only) a total of (indicate type and number of electronic carrier(s)) _____, containing a sequence listing and/or tables related thereto, in computer readable form only, as indicated in the Supplemental Box Relating to Sequence Listing (see Section 802 of the Administrative Instructions).

4. This report contains indications relating to the following items:

- | | | |
|-------------------------------------|--------------|---|
| <input checked="" type="checkbox"/> | Box No. I | Basis of the report |
| <input type="checkbox"/> | Box No. II | Priority |
| <input type="checkbox"/> | Box No. III | Non-establishment of opinion with regard to novelty, inventive step and industrial applicability |
| <input type="checkbox"/> | Box No. IV | Lack of unity of invention |
| <input checked="" type="checkbox"/> | Box No. V | Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement |
| <input type="checkbox"/> | Box No. VI | Certain documents cited |
| <input type="checkbox"/> | Box No. VII | Certain defects in the international application |
| <input type="checkbox"/> | Box No. VIII | Certain observations on the international application |

Date of submission of the demand 14 January 2005 (14.01.2005)	Date of completion of this report 31 May 2005 (31.05.2005)
Name and mailing address of the IPEA/ US Mail Stop PCT, Attn: IPEA/US Commissioner for Patents P.O. Box 1450 Alexandria, Virginia 22313-1450 Facsimile No. (703) 305-3230	Authorized officer  Charles Kyle Telephone No. ((571) 272-6746

Form PCT/IPEA/409 (cover sheet)(January 2004)

INTERNATIONAL PRELIMINARY REPORT ON PATENTABILITY

International application No.

PCT/US04/19272

Box No. I Basis of the report

1. With regard to the language, this report is based on the international application in the language in which it was filed, unless otherwise indicated under this item.

☐ This report is based on translations from the original language into the following language _____, which is the language of a translation furnished for the purposes of:

☐ international search (under Rules 12.3 and 23.1(b))

☐ publication of the international application (under Rule 12.4)

☐ international preliminary examination (under Rules 55.2 and/or 55.3)

2. With regard to the elements of the international application, this report is based on *(replacement sheets which have been furnished to the receiving Office in response to an invitation under Article 14 are referred to in this report as "originally filed" and are not annexed to this report)*:

☐ the international application as originally filed/furnished

☐ the description:

pages 1-15 _____ as originally filed/furnished

pages* _____ received by this Authority on _____

pages* _____ received by this Authority on _____

☐ the claims:

pages 16-18 _____ as originally filed/furnished

pages* _____ as amended (together with any statement) under Article 19

pages* _____ received by this Authority on _____

pages* _____ received by this Authority on _____

☐ the drawings:

pages 1-22 _____ as originally filed/furnished

pages* _____ received by this Authority on _____

pages* _____ received by this Authority on _____

☐ a sequence listing and/or any related table(s) - see Supplemental Box Relating to Sequence Listing.

3. ☐ The amendments have resulted in the cancellation of:

☐ the description, pages _____

☐ the claims, Nos. _____

☐ the drawings, sheets/figs _____

☐ the sequence listing (*specify*): _____

☐ any table(s) related to the sequence listing (*specify*): _____

4. ☐ This report has been established as if (some of) the amendments annexed to this report and listed below had not been made, since they have been considered to go beyond the disclosure as filed, as indicated in the Supplemental Box (Rule 70.2(c)).

☐ the description, pages _____

☐ the claims, Nos. _____

☐ the drawings, sheets/figs _____

☐ the sequence listing (*specify*): _____

☐ any table(s) related to the sequence listing (*specify*): _____

** If item 4 applies, some or all of those sheets may be marked "superseded."*

INTERNATIONAL PRELIMINARY REPORT ON PATENTABILITY

International application No.
PCT/US04/19272**Box No. V Reasoned statement under Article 35(2) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement****1. Statement**

Novelty (N)	Claims <u>NONE</u>	YES
	Claims <u>1-21</u>	NO
Inventive Step (IS)	Claims <u>NONE</u>	YES
	Claims <u>1-21</u>	NO
Industrial Applicability (IA)	Claims <u>1-21</u>	YES
	Claims <u>NONE</u>	NO

2. Citations and Explanations (Rule 70.7)

Claims 1-21 lack an inventive step under PCT Article 33(3) as being obvious over US 5,819,230, *Christie et al.*

As to Claim 1, *Christie* discloses the inventions substantially as claimed, including in a method for providing mortgage financing to a borrower (Abstract), the steps of:
Identifying real estate (Summary of the Invention, also part of mortgage application);
Applying for a mortgage loan (Summary of the Invention)
Receiving a mortgage loan principal amount and forwarding it to a seller (Closing process, Col. 5, line 8 to Col. 6, line 22, Fig. 4C);
Purchasing an investment vehicle with funds (Col. 5, lines 17-35);
Providing mortgage payments (Col. 1, line 61 to Col. 2, line 22);
Having ownership interest in at least one investment vehicle and said real estate (Summary of the Invention).

Christie does not specifically disclose that funds for the purchase of the investment vehicle are from the mortgage loan proceeds; these funds are from the borrower's down payment. However, money is fungible and money not borrowed can be used for loan or investment. It would have been obvious to one of ordinary skill in financial arts at the time of the invention to modify *Christie* to use mortgage loan funds for investment rather than down payment funds because these funds are effectively equivalent.

As to Claim 2, *Christie* discloses a loan term at Col. 2, lines 9-22.

As to Claims 3 and 4, *Christie* discloses loan collateral at Col. 3, lines 54-65.

As to Claim 5, *Christie* discloses a lender/system practitioner at Col. 4, lines 41-60.

As to Claim 6, *Christie* discloses periodic payments at Col. 5, lines 46-62.

As to Claim 7, *Christie* discloses funds application from an investment vehicle at Col. 6, lines 4-8

As to Claims 8-11, see above.

As to Claims 12 and 14, they recite old and well known aspects of mortgage and investment practice.

As to Claims 13 and 16, see *Christie* at Col. 4, lines 32-60.

As to claim 15, see Claims 8 and 5.

As to Claim 17, *Christie* discloses a financial security investment at Summary of the Invention.

As to claim 18, *Christie* discloses a 20% limit at Col. 1, lines 20-30.

As to Claims 19-21, see above.